

AMENDED AND RESTATED MANAGEMENT AGREEMENT – SHORES LANDING

THIS AMENDED AND RESTATED MANAGEMENT AGREEMENT (“Agreement”) is made effective as of November 16, 2021 (“Effective Date”) by and between the County of San Mateo (“Owner” or “County”), a political subdivision of the State of California, and MidPen Property Management Corporation, a California non-profit public benefit corporation (“Agent” or “MidPen”). Owner and Agent are sometimes individually referred to herein as a “Party” and are sometimes collectively referred to herein as the “Parties.”

RECITALS

- A. The Homekey Program (“Homekey”), administered by the State of California Housing and Community Development Department (“State HCD”), provided funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19.
- B. Homekey presented an opportunity for local public agencies to purchase motels and a broad range of other housing types in order to increase community capacity to respond to homelessness and the ongoing COVID-19 pandemic.
- C. Last year, State HCD was authorized to provide approximately \$550 million in Homekey funding derived from the State’s direct allocation of federal Coronavirus Relief Funds (CRF) and \$50 million in State General Funds to assist local public agencies in the acquisition of, and provide initial operating subsidies for, Homekey sites to promote project feasibility.
- D. With authorization from the San Mateo County Board of Supervisors (“Board”), Owner applied for and received a funding award from Homekey to help finance the acquisition of a 95-unit hotel called TownePlace Suites, now known as “Shores Landing”, located at 1000 Twin Dolphin Drive in Redwood City (APN:095-222-230 and as described in Exhibit A attached hereto and incorporated herein by reference) (“Property”).
- E. With authorization from the Board, on December 3, 2020, Owner acquired the Property from Max Keech & Mark Kendall (“Prior Owners”), using Homekey funds and local Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.
- F. Owner acquired the Property subject to a permit issued to Prior Owners from San Francisco Bay Conservation & Development Commission on September 16, 1999, approving the development of the Property (“Permit”). Pursuant to the Permit, Prior Owners were required to construct the Bay Trail and dedicate it to a public agency or otherwise permanently guarantee

such rights for the public. Pursuant to the Permit, Prior Owners were also responsible for (i) maintaining the Bay Trail and the related improvements, including the landscaping, paths, park furniture, signage, and the bridge sidewalk providing vehicular access to the site and allow bicycles to use the traffic lanes; and (ii) repairing all path surfaces, benches, regular emptying of garbage containers, replacement of any plant materials, removal of any encroachments, and assuring the public access signs remain in place and are visible. As stated in the Permit, these maintenance obligations run with the Property.

- G. Owner intends to use the Property as permanent affordable housing exclusively for extremely low-income (ELI) seniors (where the head, co-head or spouse is 62+ years of age) earning 30% or less of the area median income as well as seniors who may have experienced homelessness or are at risk of experiencing homelessness, including seniors receiving wrap around services through programs like the County's Whole Person Care Program and medically frail seniors ("Project"). There will be 93 units of permanently affordable rental housing ("Units") with on-site services for residents in the Project as well as two onsite manager/staff units.
- H. Accordingly, on December 22, 2020, the County Department of Housing issued a Request for Qualifications in order to solicit Statements of Qualifications from affordable housing developers and service providers, with extensive experience owning, operating, managing and maintaining affordable senior housing as well as providing high-quality resident services and supportive services to seniors, to serve as the operator/manager of the Property.
- I. On February 16, 2021, the selection committee chose MidPen Housing Corporation and its affiliated entities as the operator and manager of the Property because of their experience and skills necessary to identify and secure long-term funding for the Property, to utilize a thoughtful approach in working with the local community and neighborhood groups, and to utilize its existing network of partners to assist in the full-service operation and management of the Property, including the provision of services the Project residents will need to remain stably housed and have a positive impact upon the surrounding community.
- J. With authorization from the Board, on March 23, 2021, the County executed an Exclusive Negotiating Agreement with MP Land Holdings, LLC an affiliated entity of MidPen Housing Corporation and Agent, pursuant to which the parties agreed to negotiate this Agreement, which sets forth the responsibilities of the Parties herein regarding the operation and management of the Property, including the development of a Project budget and the establishment of a bank account or other similar mechanism that allows Agent to access the \$1,500,000 in start-up funding being provided

by Owner for expenses related to the operation and management of the Property.

- K. Owner desires that Agent, an affiliated entity of MidPen Housing Corporation, manage and operate the Property in the manner detailed in this Agreement, and Agent desires to provide such services.
- L. Agent agrees to work diligently to meet Homekey requirements, as agreed to by Owner, including achieving 50% occupancy for the Project by April 23, 2021 and achieving 100% occupancy for the Project by June 3, 2021 or extended time frames as agreed to by the Parties and permitted by HomeKey.
- M. On November 6, 2018 and on June 4, 2019, pursuant to Resolution Nos. 076259 and 076672, the Board (i) authorized the County Department of Housing ("DOH") to apply for and to accept California Emergency Housing Solutions ("CESH") funding from State HCD, if awarded, (ii) authorized DOH to distribute funds to projects with eligible activities as approved by State HCD and in accordance with all CESH program requirements, and other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreements and other contracts between State HCD and DOH, and (iii) authorized DOH to execute contracts with awardees identified through the project selection process.
- N. On August 8, 2019, DOH accepted a CESH funding award from State HCD in the amount of \$627,447. On April 17, 2020, DOH accepted a second CESH funding award from State HCD in the amount of \$352,881.
- O. On October 13, 2021, DOH identified Shores Landing as a project with eligible activities to distribute both CESH funding awards in a total amount of \$931,312, after deducting administrative fees in the amount of \$49,015. The CESH funds will be released to MidPen for the operation of Shores Landing once the Parties negotiate and execute a subrecipient agreement that comports with CESH program requirements.
- P. The Parties entered into a Management Agreement for the Property ("Original Agreement") on April 13, 2021 and are now seeking to (add certain exhibits and attachments to the Original Agreement, increase the amount of the Original Agreement by \$931,312 for a new total amount not to exceed \$2,431,312, update the language in Section 4.b.ix.(c) to clarify that settlement of any claims thereunder require County approval, and include additional language setting forth (i) a process for how the Parties will address procurement and contracting issues related to any work on the Property, which may constitute a "Public project" under Section 22002 of the California Public Contract Code, (ii) the maintenance obligations of the Bay Trail (required by the Permit) that Agent agrees to undertake, and (iii)

granting Agent with the authority to assist Owner in obtaining additional financing for the Property's operations and future capital improvements, which Owner and/or Agent shall use in accordance with the applicable funding requirements for such programs, and authorizing Agent to seek reimbursement from Owner for Agent's costs in obtaining, or assisting Owner in obtaining, additional financing, subject to the terms and conditions set forth herein.

- Q. The Parties acknowledge the truth of the Recitals set forth above which are hereby incorporated into this Agreement, and agree that this Agreement, which amends and restates the Original Agreement, shall supersede the Original Agreement and the Original Agreement shall have no further force or effect.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, Owner and Agent agree as follows:

1. Appointment of Agent. Owner hereby appoints Agent, and Agent hereby accepts appointment on the terms and conditions set forth below as Owner's exclusive agent to manage, operate, supervise, lease, and seek additional financing for the Property. Agent is authorized to ensure performance of resident services activities by third parties, including but not limited to MidPen Resident Services Corporation ("MPRSC"), an affiliate of MidPen. Except as otherwise provided herein, Agent is authorized to perform actions necessary to fulfill Owner's obligations related to the Property to government agencies, including but not limited to, the United States Treasury ("Treasury"), the State of California, and the State HCD.

2. Term. The term of this Agreement shall commence on the Effective Date, and shall continue for a period of one (1) year, unless terminated earlier by either of the Parties pursuant to Section 8 (Early Termination) below. Owner shall have the option to extend this Agreement by one-year terms up to nine (9) successive extensions with a minimum of thirty (30) days advanced notice to Agent prior to expiration of the existing term. The Parties anticipate extending the term of the Agreement.

3. Compensation; Exhibits and Attachments

a. Compensation. The compensation and reimbursement of Agent for its services and expenses hereunder shall be as provided in Exhibit B attached hereto and incorporated herein by this reference.

b. Exhibits and Attachments. The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by reference:

Exhibit A – Description of Property
Exhibit B – Compensable Services and Reimbursable Expenses
Exhibit C – Additional Provisions
Exhibit D – Declaration of Restrictive Covenants Dated March 29, 2021
Exhibit E – San Francisco Bay Conservation and Development Commission
Permit Dated September 16, 1999 and Recorded on October 1, 1999

Attachment 1 attached hereto is the Standard Agreement between the County and State HCD, which sets forth the requirements established by the State that the County has agreed to comply with by accepting an award of grant funds pursuant to Homekey. Agent understands and acknowledges that it is on notice of the terms and conditions of the County's obligations to State HCD pursuant to Homekey in Attachment 1 as they relate to the Property and the Project that is the subject of this Agreement. In addition, Agent agrees that the following provisions in Attachment 1 to this Agreement are incorporated by reference because they relate to Agent's duties and responsibilities regarding the Project: Section 13 "Adaptability and Accessibility", Section 18 "Affirmative Fair Housing Marketing Plan and Fair Housing Compliance", Section 19 "Sponsor Acknowledgement of the Pet Friendly Housing Act of 2017", Section 21 "Occupancy", Section 23 "Use Restrictions and Affordability Covenants", Section 25 "Retention Inspection and Audit of Records", Section 26 "Site Inspection", and Section 27 "Compliance with State and Federal Laws, Rules, Guidelines, and Regulations" in Exhibit D to Attachment 1 of this Agreement, and Section 4b. "Strategies to Promote Racial Equity and Accessibility" in Exhibit E to Attachment 1 of this Agreement.

Attachment 2 attached hereto is the Notice of Funding Availability Homekey Program dated July 16, 2020, which sets for a program overview of Homekey, the application submission, review and award process for Homekey and the program requirements, program operations and insurance requirements for Homekey along with applicable definitions. Agent understands and acknowledges that it is on notice of the requirements in Attachment 2 that the County has agreed to satisfy pursuant to Homekey as they relate to the Property and Project that is the subject of this Agreement. In addition, Agent agrees that the following provisions in Attachment 2 to this Agreement are incorporated by reference because they relate to Agent's duties and responsibilities regarding the Project: Section 310. Housing First, Section 311. Accessibility and Non-Discrimination, Section 312. State Prevailing Wage, Section 402. Reporting,

4. Duties and Responsibilities of Agent.

a. General Responsibilities of Agent. Subject to the provisions of this Agreement, Agent is hereby authorized to manage, operate and lease the Property in accordance with the standards of practice of professional managers of similar affordable

properties in the location of the Property and to provide other customary management services at the Property for the ordinary and usual business and affairs of the Property as are consistent with the management, operation, leasing, and maintenance of similar properties. For the purpose of this Agreement, "similar properties" means properties or projects generally serving the same population of residents and operating pursuant to substantially the same or comparable programs or subsidies and with similar budgets.

b. Specific Duties and Responsibilities of Agent. Agent agrees and is hereby granted authority to do the following:

i. Implementation of Business Plan/Budget. If requested by Owner, Agent, as part of its Management Services, shall implement a business plan and/or budget set in collaboration with Owner on an annual basis.

ii. Collection and Disbursement of Funds. Agent as part of its Management Services, shall use commercially reasonable and lawful efforts and means to collect the rents and other charges due from tenants and all other revenues originated by the operations of the Property. When deemed appropriate by Agent and approved by Owner, Agent shall institute legal proceedings on behalf of Owner for collection in connection with the operation of the Property. Owner authorizes Agent to request, demand, collect, and receive funds for collection thereof in accordance with all applicable laws, regulations, ordinances or administrative grievance procedures and for the lawful dispossession of tenants, guests, and other persons from Property. Amounts expended by Agent for use of non-employee consultants or experts, including attorneys, in the performance of these duties are the responsibility of Owner and shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account (as defined in Section 6.b. below). Owner further authorizes Agent to disburse funds from the Operating Account in payment of expenses for the Property in accordance with Section 6 of this Agreement.

iii. Books, Records, and Documentation. Agent, as part of its Management Services, shall maintain, either at its principal office or the Property as determined by Agent in its sole discretion, complete and separate books, records and documents relating to the management and operation of the Property, including without limitation all contracts, original leases, amendments and other agreements relating to contracts and leases, tenant files, correspondence with tenants and prospective tenants, computations of rental adjustments, maintenance and preventive maintenance records, construction records, inventories of personal property and equipment (purchased by Agent or purchased by Owner provided that Owner provides Agent with existing inventories and corresponding values in advance), correspondence with vendors, job descriptions, correspondence with federal, state and local authorities, brochures, and accounts held or maintained by Agent (all such books, records, and documents being referred to herein as "Books, Records, and Documents"). Notwithstanding any other provision of this Agreement, Agent shall not be required to retain any particular Book, Record or Document beyond the period of time it is legally required to do so.

(a) Agent, as part of its Accounting Services, shall maintain the records of account for the Property. Unless otherwise instructed by Owner in writing, books and records of account shall be prepared in conformity with Generally Accepted Accounting Principles. Except as approved in writing by Owner, all accounting functions shall be performed by employees of Agent whose compensation is payable solely by Agent without reimbursement by Owner. Except as otherwise provided herein, Owner shall have the right to examine, audit and make copies of said Books, Records and Documents at Agent's principal office at reasonable times and with prior reasonable notice. The cost of extraordinary accounting requests, as determined and mutually agreed upon by both Parties, or audits of the Books, Records and Documents shall be borne solely by Owner and costs incurred by Agent to perform or contract with others to perform the extraordinary accounting requests shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account. Owner acknowledges that all electronic data created and/or maintained by Agent shall be the sole and exclusive property of Agent. Unless disclosure of said electronic data is necessary for Owner to fulfill its reporting requirements to the State of California, the federal government or other entity or government agency, or unless otherwise specifically agreed to by Agent in writing, Agent shall have no obligation to supply any electronic data from Agent's database to either Owner or another property management company nor shall Agent have any obligation to provide Owner with any software or other technology necessary to utilize such electronic data.

(b) Upon request, and with prior reasonable notice, Agent shall make all Books, Records and Documents available for examination, audit, inspection and copying by duly authorized representatives of any government agency or entity with regulatory power and/or jurisdiction over the Property to the extent required by federal or state law.

(c) If requested by Owner, Agent as part of its Accounting Services, shall render to Owner, on or before the thirtieth (30th) day after the last day of a calendar quarter, such financial and management information as of the end of the prior quarter, including without limitation profit and loss statements, balance sheet, rent rolls, cash reconciliation statements, and reports as to the status of the Security Deposit Account and Construction Account, if any. Agent shall also, at the request of Owner and with prior reasonable notice, furnish such further accounting and fiscal information in a manner sufficient to respond to Owner's financial information requirements. Owner shall designate a representative with accounting knowledge who is qualified to review the financials and reports provided by Agent.

(d) Extraordinary requests by Owner of Agent's accountants, as determined by Agent in its sole discretion, or audits of the Books, Records and Documents, shall be considered.

iv. Annual Audit. When requested by Owner in writing, at the end of each fiscal year of the Property, which runs from July 1 through June 30 ("Fiscal Year"),

and as of the date of termination, Agent as part of its Accounting Services, shall arrange and coordinate an annual audit of the books and records of the Property made by a third-party firm of certified public accountants ("CPA Auditor") assigned by Agent and approved by Owner. At the request of Owner, Agent shall also have CPA Auditor prepare for execution by Owner all forms, reports, and returns relating to the Property required by any federal, state, county, or municipal authority, including but not limited to the State HCD pursuant to Homekey and Treasury pursuant to the requirements of CARES Act funding used to acquire and/or operate the Property. The cost of retaining the auditors to perform an audit is not included within Agents' Accounting Services and is deemed to be a cost of Owner and shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account. Agent is authorized to make requests to Owner for information from attorneys performing services on behalf of Owner for the Property as required by any accountant for the audit of the books and records of the Property. In so doing, neither Owner nor Agent intends to waive the attorney-client privilege with respect to any information which is furnished to or from such attorneys. Any response by any attorneys to such requests for information should not be construed in any way to constitute a waiver of the protection of the attorney work-product privilege with respect to any files involving the Property, Owner or Agent.

v. Repairs and Maintenance. Agent, as part of its Management Services, shall use due professional care to supervise the maintenance of the Property in the condition prescribed by Owner, which is subject to budget constraints. Agent shall ensure that the readily accessible areas of Property are regularly inspected, shall take ordinarily prudent precautions against fire, vandalism, burglary and trespass on the Property, and shall supervise all necessary repairs. Agent, as part of its Management Services, shall also use due professional care to arrange for and supervise the maintenance of the Bay Trail in the condition prescribed by the Permit attached hereto as Exhibit E and within the parameters of the Annual Budget (as defined in Section 7a. below). Costs incurred by Agent to perform or contract with others to perform property inspections, physical needs assessments and/or preventative maintenance inspections and/or repairs shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account. Agent shall make no expenditures for repairs in excess of the greater of \$10,000 without the prior written consent of Owner, unless (i) the expenditure for such repairs has been approved by the Annual Budget (as defined in Section 7a. below), or such repairs are emergency repairs to the Property immediately necessary for the preservation or safety of the Property or for the safety of other persons or required to avoid suspension of necessary services to the Property, and (ii) Agent submits evidence of expenditure(s) satisfactory to Owner. However, for repairs or maintenance work, which may constitute a "Public project" under Section 22002 of the California Public Contract Code and the total cost of the work exceeds \$60,000, as provided for under Section 22032 of the California Public Contract Code, the Parties shall follow the process set forth in Section 4.b.xviii of this Agreement.

vi. Capital Assets. Unless Agent has Owner's prior written consent, Agent shall make no expenditures in excess of \$10,000 for alterations, capital improvements, renovations or replacements of furniture, fixtures or equipment, unless

such expenditure is contained in the Annual Budget (as defined in Section 7a. below) or deemed an emergency replacement immediately necessary for the preservation or safety of the Property or for the safety of other persons or required to avoid suspension of necessary services to the Property. Notwithstanding the above, the approved Annual Budget shall be deemed authorization for Agent to make budgeted expenditures without prior written consent by Owner, provided that (a) the amount of the expenditure is within \$10,000 of the amount originally approved in the Annual Budget; and (b) Agent submits evidence of expenditure satisfactory to Owner. Should Agent be required to make alterations, capital improvements, renovations or replacements of furniture, fixtures, or equipment in excess of \$7,500, Agent shall be entitled to compensation for Administrative Oversight of Capital Projects as described in Exhibit B. Other than replacements and except for the disposition of Fixed Assets as defined and described in Exhibit C to this Agreement, Agent shall make no disposition of fixed assets, as determined in accordance with Owner's Chart of Accounts, with a value in excess of \$10,000 without Owner's prior written approval. Agent shall notify Owner and provide a recommendation for any proposed capital improvement, renovation or replacement expenditure in excess of \$10,000. However, for alterations, capital improvements, renovations or replacements of furniture, fixtures or equipment, which may constitute a "Public project" under Section 22002 of the California Public Contract Code and the total cost of the work exceeds \$60,000, as provided for under Section 22032 of the California Public Contract Code, the Parties shall follow the process set forth in Section 4.b.xviii of this Agreement.

vii. Service Contracts, License Agreements, Equipment Leases and Credit Accounts. Owner hereby authorizes Agent to make and enter into contracts on behalf of Owner necessary for performance of the obligations set forth herein in the ordinary course of business for the operation, maintenance and service of the Property, such as services and supplies as reflected in the approved Annual Budget (as defined in Section 7a. below) or as otherwise approved by Owner, equipment leases, license agreements and credit accounts. Agent shall be authorized to enter into such contracts on behalf of Owner, and Owner shall be a third-party beneficiary to such contracts and obligated to ensure payment of fees/costs/invoices associated with such contracts. Agent shall be authorized to enter into contract with MPRSC to provide supportive services and resident services at the Property. Agent shall obtain Owner's prior written consent (which shall not be unreasonably withheld, delayed, or conditioned) to enter into any agreement with a term longer than of twelve (12) months. Notwithstanding the foregoing, Agent shall obtain Owner's prior written consent (which shall not be unreasonably withheld, delayed, or conditioned) in the event Agent deems it necessary to enter into any unbudgeted contract with an aggregate annual cost of \$10,000, or higher. Owner also hereby authorizes Agent to pay amounts due under such contracts, leases, agreements and accounts on Owner's behalf. Agent shall be authorized to enter into unbudgeted contracts and leases in amounts up to \$10,000 without the prior approval of Owner if Agent is faced with circumstances that reasonably constitute an emergency and Agent has attempted in good faith but is unable to contact and secure Owner's prior approval. The Parties shall not use contracted services, licenses, or on-site equipment for uses outside of this Agreement. Service contracts, license agreements, and agreements related to

maintenance and upgrades held by Agent may be reimbursed to Agent by Owner as an expense through the Property's Operating Account (Internet, phone, software, computer/information technology support, etc.).

viii. Supplies and Inventory. Within the approved budget, Agent, on behalf of Owner, shall purchase such supplies and expendable items as are necessary to operate the Property. When taking bids or issuing purchase orders, Agent shall use its commercially reasonable and prudent efforts to secure any discounts, commissions, or rebates obtainable in connection with such purchases.

ix. Insurance. Owner shall obtain and keep in force all usual and customary insurance for the ownership and operation of the Property as rental housing and shall comply with any property insurance requirements set forth in the Homekey Standard Agreement. At Owner's written request, Agent, as part of its Management Services, shall assist Owner with insurance renewals. All insurance coverage shall conform to the requirements of any mortgages on the Property. Owner waives all rights of subrogation against Agent and Agent shall secure such coverage, the cost of which shall be expensed through the Property's Operating Account. Specifically:

(a) Owner shall obtain and keep in force policies with the following coverage: (i) fire and extended coverage insurance to protect against direct physical loss or damage to the Property; (ii) Comprehensive General Liability (CGL) insurance with respect to the Property and its operations and in amounts not less than \$1,000,000 per occurrence of bodily injury and property damage and not less than \$3,000,000 policy general aggregate; (iii) additional named insured status for Agent that provides Agent with 30-day prior notice of cancellations or material change in coverage.

(b) Agent shall not knowingly permit the use of the Property for any purpose which might void any policy of insurance relating to the Property, increase the premium otherwise payable or render any loss thereunder uncollectible.

(c) Agent, as part of its Management Services, is not authorized to settle on Owner's behalf any claims against Owner's property insurers without County approval. Agent will notify DOH of any claims against Owner's property insurers and shall obtain final approval from the County for administration of claims against Owner's property insurers, which includes execution of proof of loss, the adjustment of losses, signing of receipts, and the collection of money.

(d) Agent shall cause to be placed and kept in force workers' compensation insurance up to the statutory limit, including broad form, all-states coverage and employer's liability of at least \$500,000, and Agent shall furnish Owner certificates evidencing coverage upon request by Owner. Owner shall reimburse Agent for its pro-rata share of workers' compensation insurance premium expenses associated with employees of Agent employed for the direct benefit of Owner or the Property and Agent is authorized to reimburse such costs as an expense through the Property's

Operating Account. All corporate office employees of Agent shall be covered at the expense of Agent as part of its Management Services.

(e) Agent, as part of its Management Services, shall obtain Crime/Fiduciary insurance in the amount of not less than \$1,000,000.

(f) Agent shall during the term of this Agreement, maintain Comprehensive General Liability (CGL) insurance with respect to the Property and its operations and in amounts not less than \$1,000,000 per occurrence of bodily injury and property damage and not less than \$3,000,000 policy general aggregate, with additional named insured status for Owner that provides Owner with 30-day prior notice of cancellations or material change in coverage.

x. Debt Service, Taxes and Assessments. If requested or authorized by Owner in writing, Agent, as part of its Management Services, shall pay debt service, taxes, impositions, or assessments relating to the ownership or operation of the property, including, without limitation, improvement assessments, real estate taxes, personal property taxes, taxes on income or rents, or any charges similar to or in lieu of any of the foregoing. Upon request by Owner, Agent shall:

(a) verify bills for real estate, personal property or other taxes, improvement assessments, and other similar charges which are or may become liens against the property or which may be levied on the basis of ownership or operation of the Property.

(b) render advice and assistance to Owner in the negotiation and prosecution of all claims for the reduction or equalization of property tax assessments and other tax assessments affecting the Property. The parties agree, however, that such advice and assistance go beyond the ordinary management responsibilities contemplated by this Agreement and, as such, if Agent provides such services, they shall be at an additional cost to Owner and shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

(c) timely file all personal property tax returns after execution of such returns by Owner. Agent reserves the right to assess a fee for the filing of annual welfare exemption forms to exempt the Property from state property taxes, which fee shall not exceed \$500 per filing.

xi. Compliance with Legal Requirements. Agent shall use reasonable means to become aware of, and shall take such actions as Agent deems prudent and necessary to ensure that the Property and Agent comply with any laws, orders, public housing agency plans or requirements affecting the use or operation of the Property by any federal, state, county, or municipal agency of authority, including but not limited to compliance with and participation in administrative grievance procedures. Costs incurred by Agent to perform or contract with others to perform the necessary compliance monitoring or compliance remediation shall be reimbursed to Agent by Owner

as an expense through the Property's Operating Account, provided that if the cost of compliance in any instance exceeds \$10,000, Agent shall not expend funds for compliance without Owner's prior written consent. Owner shall provide Agent with all information necessary for Agent to be fully informed as to the nature and extent of all programs applicable to the Property, including but not limited to providing copies of regulatory agreements, restrictive covenants or other instruments, whether or not recorded, against the Property which contain operating covenants or restrictions. Agent shall promptly notify Owner in writing of any orders, notices, plans or requirements requiring expenditure of non-budgeted amounts. Agent, however, shall not take any action as long as Owner is contesting, or has affirmed its intention to contest and promptly institutes proceedings contesting any law, order, plan or requirement. Agent shall prepare, execute, and, after obtaining the written approval of Owner, thereby file any customary and standard reports and documents required by an applicable governmental authority. Agent covenants and agrees, as part of its Management Services, to obtain and maintain all licenses and permits necessary for the conduct of its business as Agent of the Property. Owner is responsible for payment of all licenses and permits necessary for operation of the Property. Amounts expended by Agent for use of non-employee consultants or experts, including attorneys, in the performance of these compliance duties shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account, provided that said expenditures are approved in advance by Owner.

xii. Initiation of Legal Proceedings and Defense of Claims. Agent shall attempt to secure full compliance by each tenant with the terms of the tenant's lease. Mandatory compliance shall be emphasized. Agent may lawfully terminate any tenancy when, in Agent's judgment, sufficient cause (including but not limited to non-payment of rent) for such termination occurs under the terms of the tenant's lease. Agent is authorized to consult with and retain legal counsel of its choosing for such legal actions as Agent reasonably believes to be necessary, including, but not limited to bringing actions for eviction and executing notices to vacate and judicial pleading incident to such actions. Such actions may be brought in the name of Agent as agent for Owner. Agent further is authorized to consult and retain legal counsel for the defense of any claims relating to the Property. Attorney's fees and other necessary costs (including but not limited to retention of experts) incurred in connection with the prosecution or defense of any claims related to the Property, shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account, provided that for legal proceedings that will exceed \$5,000 in costs, Agent has obtained approval for a budget for the engagement of legal and/or expert services regarding the prosecution or defense of such claims from Owner in advance.

xiii. Advertising. Agent, as part of its Management Services, shall advertise the Property for rent at such times and by use of such media as it deems necessary and in compliance with fair housing laws and regulations, subject to the Annual Budget (as defined in Section 7a. below) approved by Owner or Owner's prior written approval.

xiv. Employment of Personnel. Agent shall hire, train, supervise, direct the work of, pay, and discharge all personnel necessary for operation of the Property, subject to the following terms and conditions:

(a) Such personnel shall in every instance be employees of Agent. Owner shall have no right to supervise or direct Agent's employees who are engaged in the services provided by Agent in accordance with this Agreement. All costs associated with the employment of personnel necessary for the on-site operation of the Property, such as salaries, wages, other compensation benefits, travel, equipment, training and other expenses (such as social security, taxes, worker's compensation insurance, funding of annuity benefits, payroll processing fees and the like), provided that it is included in the Annual Budget (as defined in Section 7a. below), be reimbursed to Agent by Owner as an expense through the Property's Operating Account. The terms "employees" or "personnel" shall be deemed to mean and include employment of a temporary, or part-time nature.

(b) The salaries, wages, other compensation and fringe benefits, travel, and other expenses shall be non-reimbursable expenses of Agent with respect to the following persons working on or in respect to the Property:

(i) executive personnel of Agent charged with general administration of Agent's performance of this Agreement; and

(ii) off-site record-keeping personnel.

xvi. Leasing. Agent, as part of its Management Services, shall develop and maintain a resident selection criteria, to be approved in advance by Owner, leases and leasing practices and policies for the Property consistent with the laws, ordinances, regulations, applicable Homekey requirements from State HCD, regulatory agreements and other agreements applicable to the Property, so long as the agreements have been provided to Agent by Owner. Agents shall supervise Property site staff for compliance with resident selection criteria, leases and leasing practices and policies for the Property. Costs of customary financial responsibility, criminal background, or general reputation investigations of prospective residents shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

xvii. Onsite Supportive Services and Resident Services. Agent will be responsible for causing the provision of on-site supportive services by entering in a contract with MPRSC, on behalf of Owner, with Owner named as third-party beneficiary to such contract.

Two (2) Managers will live on-site and be available outside of normal business hours. While both Managers will be able to respond to crisis, one manager will be experienced and trained in crisis management and will be able to triage those crises that require a more skilled professional. The managers will communicate with the County's case manager if needed on a 24-hour/7 days per week basis.

xviii. Public Projects. Agent agrees to provide written notice to Owner as soon as possible regarding any work on the Property that Agent becomes aware of, which may constitute a "Public project," as defined by Section 22002 of the California Public Contract Code, and the total cost of the work exceeds \$60,000, as provided for under Section 22032 of the California Public Contract Code, so the Parties can confer and determine how to address any procurement and/or contracting that may be required for the performance of such work.

xix. Additional Financing. Agent is authorized to assist Owner in obtaining additional financing for the Property's operations and future capital improvements, which Owner and/or Agent shall use in accordance with the applicable funding requirements for such programs. Agent is further authorized to seek reimbursement from Owner its costs in obtaining or assisting Owner in obtaining, additional financing for the Property's operations and/or capital improvements, subject to the terms set forth in this Agreement.

c. Additional Services.

i. If Owner requests Agent to perform services related to the Property beyond the services that are contemplated in this Agreement ("Additional Services"), Agent shall be entitled to additional compensation for same, which shall be negotiated by the Parties in good faith before the Additional Services are performed by Agent.

ii. Notwithstanding the foregoing, if Agent in good faith begins performing Additional Services before a compensation structure is agreed upon, and has notified Owner of its intent to provide the Additional Services, Owner hereby agrees to pay Agent a reasonable value for said Additional Services unless and until Owner specifically instructs Agent, in writing, to stop performing such Additional Services.

5. Duties and Responsibilities of Owner.

a. General Responsibilities of Owner. In addition to the specific obligations set forth elsewhere in this Agreement, Owner agrees to cooperate with Agent in the fulfillment of Agent's obligations under this Agreement including, but not limited to, engaging in reasonable good faith efforts to provide timely approvals of improvement plans and operating budgets and to provide and/or execute all certificates, documents, information and funding necessary to facilitate occupancy of the Project in accordance with Homekey requirements and otherwise necessary for Agent's management of the Property. Further, Owner shall not require Agent to act in a manner that would violate any applicable laws, regulations, software license agreements, telecommunications agreements or program requirements. and requiring such conduct is an express violation of this Agreement by Owner. Owner hereby represents and warrants that it is the owner of the Property and that it understands, acknowledges, and agrees to comply with the applicable legal and financial duties and responsibilities of property ownership.

b. Specific Duties and Responsibilities of Owner. Owner agrees to do the following:

i. Contact with Regulatory Agencies. Owner shall timely submit certificates, documents, and information to appropriate regulatory agencies, with copies to Agent. Owner shall also copy Agent on correspondence or other communications with regulatory agencies with respect to the Property, as Owner determines is necessary.

ii. Submission and Approval of Operating Budget and Provision of Working Capital. Concurrent with Effective Date of this Agreement, Agent shall submit to Owner a proposed Annual Budget, pursuant to Section 7. Upon Owner's approval of the Annual Budget, Owner will provide funds ("Working Capital") to capitalize the Operating Account as defined in Section 6.b. below, in an amount no less than 50% of the projected deficit for that same one-year period ("Working Capital Target").

If at any time the Working Capital balance in the Operating Account is equal to or less than half of the Working Capital Target, Owner shall, upon request of Agent and upon Agent's submittal of documentation of spending previously incurred in a form satisfactory to Owner (approval shall not be unreasonably denied or delayed), provide additional Working Capital into the Operating Account in order to achieve a balance equal to or greater than the Working Capital Target. If additional capital is needed in order to fund operations for any three-month period, Agent shall request such funding from Owner and provide evidence of such need in the form of an amendment to the Annual Budget and/or cash flow forecast. The additional funding request will be subject to Owner's approval.

On a monthly basis, Agent will provide to Owner an accounting of all expenses paid from funds in the Operating Account, including any back-up or other supporting documentation as required by Owner.

Agent will pay all expenses set forth in the Annual Budget approved by Owner or as otherwise allowed in the Management Agreement. However, the use of funds in the Operating Account to cover expenses not included in the Annual Budget, and for which prior approval from Owner was not obtained or which were not otherwise allowed pursuant to the terms of the Management Agreement ("Unauthorized Expenditures"), constitutes a material breach of the Agreement, and Agent shall be required to reimburse Owner for total amount of Unauthorized Expenditures.

In no event shall Owner's total fiscal obligation under this Agreement exceed TWO MILLION FOUR HUNDRED THIRTY ONE THOUSAND THREE HUNDRED TWELVE DOLLARS (\$2,431,312). To the extent additional funding is required for Agent to continue providing services under this Agreement, the Parties agree to meet and confer about the amount of additional funding needed and potential sources for such additional funding. Agent acknowledges that County cannot commit additional County funding to this Agreement in an amount greater than \$25,000 without obtaining advance authorization from its Board of Supervisors. Nothing herein is intended to or shall be

interpreted as obligating Agent to pay for, advance payment of or obtain funding/financing for, or otherwise be financial responsible for the costs associated with operations of the Property.

6. Bank Accounts.

a. Agent shall, as part of its Accounting Services, shall maintain a "General Account" which is a centralized disbursement account owned and managed by Agent containing Agent's funds used as determined by Agent to pay expenses incidental to the operation and maintenance of the Property, including, without limitation, payment of Agent's compensation. The General Account may also be used to pay other expenses, including but not limited to, insurance premiums, ad valorem taxes on real and personal property, and debt service relating to the Property. The General Account may also be used for disbursements of excess cash to Owner, if applicable. The General Account shall not be considered or construed as a trust account. Agent shall seek reimbursement as determined by Agent from the Operating Account, as specified in 6.c. below, for payments made by Agent from the General Account.

b. Agent shall, as part of its Accounting Services, shall establish the following bank or money fund accounts (as designated by Owner):

i. A "Security Deposit Account" is a Restricted Cash account and may be an interest-bearing account if required by applicable law, in an account approved by Owner for the retention of security deposits delivered in connection with leases of any portion of the Property. "Restricted Cash" refers to cash funds that are restricted by purpose or by law and are not available for payment of operational expenses pursuant to this Agreement. The Security Deposit Account is to be established solely for the Property, and shall contain no funds other than money collected from, or intended for use in connection with security deposits for the Property, and Agent shall not commingle any of its own funds with the funds of Owner. All funds of Owner deposited in this account is the property of Owner held in trust for Owner by Agent. This account shall be subject to the control of both Agent and Owner, either of whom may draw checks thereon.

ii. Agent may also maintain a petty cash fund and make payments from such account in a manner consistent with the usual course of dealing with such funds in the property management business. Such petty cash fund shall be subject to the same rules and restrictions set forth above as are applicable to the bank accounts.

c. Agent shall open and maintain a trust account on behalf of Owner, known as the "Operating Account," which shall be used for the deposit from Owner of all funds for the operation of the Property, including Unrestricted Cash and funds provided by a public housing agency or authority. The Operating Account shall also be used as the account for payment of reimbursements to Agent for funds used from Agent's General Account, and other costs and expenses to be paid by Agent on behalf of Owner, including, but not limited to, taxes and insurance. "Unrestricted Cash" refers to cash funds that are not restricted by purpose or by law and are available for payment of operational expenses

pursuant to this Agreement. Owner is to deposit funds in the Operating Account maintained by Agent to ensure that there are sufficient funds to pay authorized expenses/reimbursements which have been invoices/billed by Agent to Owner.

d. Reserve Accounts. If required as part of its funding sources/obligations Agent shall maintain reserve accounts for the Property (i.e. operating reserves or replacement reserves) on behalf of Owner, Deposits shall be made according to the amounts approved in the Annual Budget, notwithstanding any amounts required by any lender, agency, or regulation. Withdrawals shall be made according to the amounts approved in the Annual Budget, subject to any review and approval of any lender, agency, partner, or member as required by this agreement and such approvals must be obtained by Owner.

7. Annual Budget.

a. Submission of Annual Budget. If requested by Owner at the commencement of this Agreement, and thereafter, if again requested by Owner, at least sixty (60) days prior to the beginning of each Fiscal Year, Agent shall prepare and submit to Owner for Owner's approval proposed budget of (i) the estimated income and expenses of the Property and (ii) the estimated capital expenditures for the Property for the next Fiscal Year or other operating period as may be agreed by the Parties ("Annual Budget"). The Annual Budget shall be made assuming accrual basis accounting or such basis as prescribed, in writing, by Owner. Agent shall provide an explanation for the numbers used in such Annual Budget.

b. Submission of Other Reports. Owner may request that Agent submit the following additional reports when submitting the Annual Budget: rental rate recommendations with analysis if appropriate; a listing of all capital improvement and all repair, maintenance, renovation and replacement expenditures (together with estimated costs for each item) anticipated to be made in the upcoming operating period; a payroll analysis including a salary or wage description for every on-site employee, including any fringe benefits reimbursable hereunder, of Agent whose compensation is reimbursable hereunder.

c. Approval of Annual Budget. Owner agrees that if objection to the Annual Budget is not given within forty-five (45) days after Owner's receipt of said Annual Budget, Agent may assume approval and operate within the Annual Budget until notified otherwise by Owner in writing. To the extent reasonable, Agent shall eliminate or revise any item or amount in the Annual Budget which is disapproved by Owner to the extent necessary to obtain Owner's approval.

d. Compliance with Annual Budget. Annual Budget approved by Owner shall be used by Agent as a guide for the actual operation of the Property. Notwithstanding the foregoing, Agent is hereby authorized to make any expenditure for the habitability, maintenance or operation of the Property according to the parameters set forth in Section 4 (Duties and Responsibilities of Agent). Owner's prior written approval

will not be required in the cases of emergencies where prompt action is required to prevent further or increased injury to property or person.

e. Annual Budget Not a Guarantee of Performance. Agent's submissions of Annual Budget to Owner does not in any way guarantee performance of the Property in accordance with such Annual Budget, which is merely a tool for guiding the operations of the Property.

8. Early Termination. Notwithstanding the provisions of Section 2 (Term) to the contrary, this Agreement and the obligations of the parties hereunder shall cease upon the occurrence of any of the following:

a. Owner Termination Right. Owner has the right to terminate the Agreement upon not less than 30 days' prior notice, with or without cause.

b. Agent Termination Right. Agent has the right to terminate the Agreement upon not less than 75 days' prior notice, with or without cause.

c. Owner Legal Violations. If Owner fails to comply, after notice and an opportunity to cure, with any permit, rule, order, determination, ordinance or law of any federal, state, county, municipal authority, or governing agency, Agent may terminate this Agreement upon fifteen (15) days written notice to Owner unless Owner is in good faith contesting same.

d. Default. If either Party defaults in the performance of any of its obligations hereunder and such default continues for thirty (30) days after written notice to the defaulting party specifying such default, the Party not in default may terminate this Agreement upon ten (10) days written notice to the defaulting party. Notwithstanding the above, if a cure has commenced and the defaulting party is diligently pursuing said cure within said 30-day period then the Party not in default shall not affect the termination. If either Party disputes termination of the Agreement pursuant to this provision, then both Parties agree to follow the Dispute Resolution Process set forth below in this Agreement.

e. Notice. Notwithstanding any of the time periods set forth above, for properties receiving any form of subsidy or subject to any state or federal agreements, Owner and Agent hereby agree to give sufficient notice to the other to allow Owner and Agent to comply with all regulatory notice requirements.

9. Duties Upon Termination. Upon termination of this Agreement for any reason, the following shall apply:

a. Owner Funds. Agent shall have no further right to act on behalf of Owner or to disburse any of Owner's funds as of the effective date of the termination ("Termination Date") except as provided in this Section.

b. Preliminary Accounting. On or before the Termination Date, Agent shall render to Owner a preliminary accounting of all funds of Owner held by Agent relating to the Property and shall cause such funds to be paid to Owner on or before the Termination Date, except such amounts which Agent reasonably believes is owing to Agent from Owner pursuant to the terms of this Agreement. Owner and Agent agree that Agent may reimburse itself from the Operating Account prior to paying over the remaining funds in the Operating Account to Owner for any sums Agent advanced on behalf of the Property or Owner as well as any fees still owing Agent pursuant to the terms of this Agreement as of the Termination Date.

c. Delivery of Books, Records and Documents. On or before the last day of the first full calendar month following the Termination Date, Agent shall deliver to Owner all Books, Records, and Documents (as herein defined) maintained by it pursuant to this Agreement and take reasonable steps to facilitate the orderly transition of management of the Property. While Owner may request Agent to provide copies of books and records relating to the Property normally kept in an electronic format in an electronic form, Agent shall have no obligation to provide Owner with any software or other technology necessary to utilize such electronic information.

d. Final Accounting. Agent shall render to Owner an accounting of all funds of Owner held by Agent relating to the Property and shall cause such funds to be paid to Owner at the conclusion of the Final Accounting, subject to the provisions of Section 9(b) (Preliminary Accounting). The Final Accounting shall be completed by the last business day of the second full calendar month following the Termination Date. Agent shall perform all reporting and accounting functions hereunder for the period from the date of the last report or accounting to the Termination Date.

e. On-Site Personnel. With respect to on-site personnel employed by Agent at Owner's Property, Owner and Agent shall agree upon a methodology for notifying on-site employees of the termination. Owner also agrees it shall give Agent at least 72-hours' notice prior to soliciting for employment any of Agent's employees prior to the Termination Date.

10. Environmental Conditions. Owner represents and warrants to Agent that to the best of Owner's knowledge, without any duty of investigation or inquiry, that Owner is not aware of any toxic or hazardous substances in the soil or groundwater on the Property that exceed federal, state or local action levels. Agent acknowledges that it has received and reviewed the Environmental Site Assessment for the Property provided by Owner.

11. Relationship. It is understood and agreed that all contracts and related obligations entered into by Agent with respect to the Property, as provided for, and consistent with, this Agreement shall be the obligations of Owner and Owner agrees to indemnify, defend and hold harmless Agent from any liability or claims arising out of or related to such contracts and related obligations, excluding any liability or claims to the extent they arise out of or related to the negligence or willful misconduct, of Agent. Owner agrees that to the extent Agent deems it necessary or prudent to have separate counsel

from that of Owner, Owner shall bear reasonable fees and costs associated with retention of such separate counsel for Agent. Agent and Owner shall not be construed as joint ventures or partners, and neither shall have the power to bind or obligate the other party except as set forth in this Agreement. Agent understands and agrees that the relationship with Owner is that of independent contractor working on behalf of Owner and that it shall not represent to anyone that its relationship to Owner is other than that of independent contractor. Notwithstanding the foregoing, Agent acknowledges and understands that its relationship with Owner is that of a fiduciary and as such owes Owner the duties inherent in said relationship.

12. Assignment. This Agreement shall not be assigned by Agent without the prior written approval of Owner which approval may be withheld in Owner's sole and absolute discretion.

13. Benefits and Obligations. Subject to the provisions of Section 12 (Assignment) above, the covenants and agreements herein contained shall inure to the benefit of, and be binding upon, the Parties hereto and their respective heirs, executors, successors, and assigns.

14. Indemnification.

a. Indemnification of Agent. Owner agrees: (a) to indemnify and hold harmless Agent, its officers, directors, affiliates, partners, agents, servants, employees, independent contractors, or those acting on behalf of Agent ("Indemnified Parties") from and against any claims, judgments, losses or settlements, for damage or injuries to the extent arising out of or connected with this Agreement, or Owner's ownership of the Property or which is due to Owner's failure or refusal to comply with or abide by an applicable law or Owner's negligence or Agent's performance of its obligations or responsibilities under this Agreement; and (b) to defend promptly and diligently, at Owner's expense, said indemnified claims brought against Agent or Agent and Owner, jointly or severally. However, the indemnity and the duty to defend set forth herein do not extend to claims to the extent they arise out of or are connected to the negligence, or willful misconduct on the part of Agent, its officers, directors, affiliates, partners, agents, servants, employees, independent contractors, or those acting on behalf of Agent. .
[00]Owner's obligations to indemnify Agent under this are not limited to the scope or extent of Owner's insurance policies and Owner is obligated to defend Agent in accordance with the terms of this Agreement even if the claims at issue are specifically excluded from Owner's insurance policies.

b. Indemnification of Owner. Agent agrees to (a) indemnify and hold harmless Owner from any claims, judgments, losses or settlements for damage or injuries to persons or property by reason of, to the extent arising out of or connected to any act of negligence, or willful misconduct on the part of Agent, its officers, directors, affiliates, partners, agents, servants, employees, independent contractors, or those acting on behalf of Agent; and (b) to defend promptly and diligently, at Agent's expense, said indemnified claims brought against Owner or Agent and Owner, jointly or severally.

Agent's obligations to indemnify Owner under this are not limited to the scope or extent of Agent's insurance policies and Agent is obligated to defend Owner in accordance with the terms of this Agreement even if the claims at issue are specifically excluded from Agent's insurance policies.

c. Conditions. The obligations of either Party where applicable to indemnify, and hold harmless the other under the Agreement are subject to the following conditions:

i. the party to be indemnified shall promptly notify the indemnifying party of any matter with respect to which indemnity is required; and

ii. the indemnifying party shall not take any actions, including an admission of liability, which would bar the indemnifying party from enforcing any applicable coverage under policies of insurance held by the indemnifying party or would prejudice any defense of the indemnifying party in any appropriate legal proceedings pertaining to any such matter or otherwise prevent the indemnifying party from defending itself with respect to any such matter.

d. Excluded Matters. Notwithstanding the foregoing, neither Party shall be required to indemnify, hold harmless, or reimburse the other with respect to any matter to the extent the same resulted from the sole negligence of that Party or for actions taken by Agent outside the scope of Agent's authority under this Agreement. Nor is either Party required to indemnify or defend the other as to disputes between Owner and Agent.

e. Survival. The provisions of this Section 14 (Indemnification) shall survive the expiration and any termination of this Agreement.

15. Limitation of Liability. Except in connection with a Party's indemnification obligations with respect to third parties, neither party shall be liable to the other for any indirect, incidental, consequential, special, punitive or exemplary damages arising from its performance of this Agreement, including but not limited to lost revenue, lost profits or lost business opportunity.

16. Notices. All notices provided for in this Agreement shall be in writing and served by registered or certified mail, postage prepaid, at the following addresses until such time as written notice of a change of address is given to the other party:

TO OWNER: County of San Mateo Department of Housing
264 Harbor Blvd, Bldg A
Belmont, CA 94002
Attn: Director

TO AGENT: MidPen Property Management Corporation
303 Vintage Park Drive, Suite 250

Foster City, California 94404
Attn: Vice President of Property Management

17. Entire Agreement. This Agreement and its exhibits represent the entire agreement between the parties with respect to the subject matter hereof. No alteration, modification, or interpretation of this Agreement shall be binding unless in writing and signed by both parties. Titles of articles, sections and paragraphs are for convenience only and neither limit nor amplify the provisions of this Agreement.

18. Severability. If any provision of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to any person or circumstance, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

19. Time of Essence. Time is of the essence of each and every provision hereof in which time is a factor.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Moreover, this Agreement may be signed by electronic signature and copies of original signatures shall be treated the same as the originals.

21. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of both the Parties, and both the Parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No Party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the Party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

22. Authorizations. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

23. Conflicts of Interest. Each of the Parties shall avoid all conflicts of interest in the performance of this Agreement and shall immediately notify the other Parties should a conflict of interest arise that would prohibit or impair its ability to perform under this Agreement. It is agreed by the Parties that Agent's contracting with an affiliate entity in the performance of this Agreement, by itself, shall not constitute a conflict of interest.

24. Non-Discrimination. The Parties will not discriminate, in any way, against any person based on sex, pregnancy, childbirth or related medical conditions, race, veteran status, religion, color, national origin or ancestry, physical or mental disability,

medical condition, marital status, age, gender (including gender identity and gender perception), sexual orientation, use of family medical leave, genetic testing, or any other basis protected by federal or state law. This policy shall apply to all employment practices.

25. Notice of Material Breach. If a Party commits a material breach (including a default) in the performance of any of its obligations under this Agreement, the other Party may give the breaching Party written notice of the material breach and its intention to invoke the Dispute Resolution process set forth in Section 26 below.

26. Dispute Resolution. Any dispute, controversy, breach or claim arising out of or relating to this Agreement, including any dispute relating to interpretation of or performance of the work, services or obligations under this Agreement ("Dispute"), shall be resolved in the manner set forth below. Agent agrees to incorporate the following dispute resolution provision into its contract with MPRSC for the provision of on-site supportive services to Project residents. However, County acknowledges that Agent shall include Agent's standard alternative dispute resolution clause in its contracts with other vendors for the provision of services related to the Property.

a. Negotiation. The Parties will attempt in good faith to resolve the Dispute promptly by negotiations between senior representatives of the Parties who have authority to settle the Dispute (each a "Representative").

b. Mediation. In the event the Representatives are not able to resolve the Dispute within thirty (30) days following the date one Party first notifies the other Party of the Dispute in writing the Dispute shall be submitted to mediation as set forth herein.

c. Selection of Mediator. Within five (5) business days after service of a demand by a Party hereto, the Parties shall agree upon a single mediator. If the Parties cannot agree upon a mediator, any Party may request a mediator be appointed by JAMS Arbitration, Mediation and ADR Services ("JAMS") or another dispute resolution service if another can be mutually agreed upon by the Parties. No mediator shall have any financial or personal interest in the result of the mediation. Prior to accepting any appointment, the prospective mediator shall disclose any potential or actual conflicts of interest.

d. Mediation Proceedings. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a settlement of any or all Disputes. The mediator does not have the authority to impose a settlement on the Parties.

e. Allocation of Expenses. Expenses of the mediation, including required traveling and other expenses of the mediator, the expenses of any witnesses requested by the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the Parties unless they agree otherwise.

f. Legal Action. In the event the Dispute is not resolved through mediation, the Parties may agree to a judicial reference or arbitration to resolve the Dispute, or either Party may bring a legal action or proceeding to resolve the Dispute, with each Party to bear its own costs, including attorneys' fees. The Parties agree that any legal action or proceeding shall be filed in San Mateo County Superior Court.

27. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

28. Agent. The term "Agent" as used in this Agreement shall include any corporate affiliates of Agent who perform services, in, on or about the Property in connection with this Agreement.

29. Non-Waiver. No delay or failure by either Party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided in this Agreement.

30. Headings. All headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

31. Additional Provisions. Additional provisions to this Agreement are provided in Exhibit C. In the event of any conflicts between the provisions set forth in this Agreement, Exhibit A, or any addendums thereto and the Exhibit B, the terms set forth in Exhibit C shall govern and control.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the first date first written above.

OWNER:

COUNTY OF SAN MATEO,
a political subdivision of the State of California

By: _____
Raymond Hodges, Director of
Department of Housing

AGENT:

MidPen Property Management Corporation,
A California non-profit public benefit corporation

By:  _____
Name: Janine Lind
Title: Assistant Secretary

By: _____
Name: Lance Smith
Title: Designated Broker Officer, MidPen Property Management Corporation
License ID: 00822390

EXHIBIT A

DESCRIPTION OF PROPERTY

Real property in the City of Redwood City, County of San Mateo, State of California, described as follows:

PARCEL A:

PARCEL 1 AS SHOWN ON PARCEL MAP NO. 2000-1, FILED MARCH 17, 2000, BOOK 72 OF PARCEL MAPS, PAGES 56 THROUGH 58, INCLUSIVE, SAN MATEO COUNTY RECORDS.

PARCEL B:

NON-EXCLUSIVE EASEMENT FOR PUBLIC RIGHT OF WAY OVER AND ABOVE THE FOLLOWING

DESCRIBED LAND:

THAT PORTION OF THE REAL PROPERTY DESCRIBED IN THAT CERTAIN GRANT DEED DATED JUNE 06, 1979 AND RECORDED JANUARY 06, 1980 AS INSTRUMENT NO. 8954-AP IN BOOK 7931 OF DEEDS AT PAGE 273, THE OFFICIAL RECORDS OF SAN MATEO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

THE MOST NORTHERLY SIDELINE LIMITS OF SAID STRIP BEARS SOUTH 86° 00' 00" WEST FROM THE SOUTHERLY TERMINUS OF THE COURSE FIRST DESCRIBED IN SAID GRANT DEED AS SOUTH 0° 17' 52" WEST 571.91 FEET AND EXTENDING 157.83 FEET TO A POINT ON THE LINE OF CURVATURE FIRST DESCRIBED IN SAID GRANT DEED AS HAVING A RADIUS OF 155.00 FEET, A CENTRAL ANGLE OF 70°

17' 15". A RADIAL LINE AT SAID POINT BEARS NORTH 55° 07' 37" WEST.

THE MOST SOUTHERLY SIDELINE OF SAID STRIP BEGINS AT A POINT ON THE LINE OF CURVATURE FIRST DESCRIBED IN SAID GRANT DEED AS HAVING A RADIUS OF 1239.92 FEET, A CENTRAL ANGLE OF 25° 14' 24" SAID POINT BEING 161.02 FEET ALONG SAID CURVE FROM THE NORTHERLY TERMINUS OF SAID CURVE. A RADIAL LINE AT SAID SIDELINE POINT BEARS NORTH 26° 53' 33" WEST, THE SAID SOUTHERLY SIDELINE OF SAID STRIP BEARS NORTH 75° 30' 00" WEST FROM SAID POINT 199.43 FEET TO A POINT ON THE LINE OF CURVATURE FIRST HEREINABOVE DESCRIBED AS HAVING A RADIUS OF 1379.92 FEET, A CENTRAL ANGLE OF 25° 14' 24", A RADIAL LINE OF SAID POINT BEARS NORTH 33° 07' 00" WEST.

PARCEL C:

A NON-EXCLUSIVE EASEMENT FOR INSTALLATION, MAINTENANCE, REPAIR AND USE OF PUBLIC PATHWAYS AND LANDSCAPING OVER THE FOLLOWING DESCRIBED LAND:

ALL THAT REAL PROPERTY SITUATED IN THE CITY OF SAN CARLOS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, BEING A PORTION OF THE LANDS OF PENINSULA REAL ESTATE MANAGEMENT, ET AL, AS SAID LANDS ARE DESCRIBED IN DOCUMENT NUMBER 1999-030696, FILED FOR RECORD ON FEBRUARY 23, 1999 IN THE OFFICE OF THE RECORDER OF SAN MATEO COUNTY, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHEASTERLY CORNER OF LOT 6, AS SAID LOT IS SHOWN ON THAT CERTAIN MAP ENTITLED "SHORES CENTER UNIT NO. 2", FILED FOR RECORD ON OCTOBER 15, 1984, IN BOOK 112 OF MAPS, PAGES 20 THROUGH 22, IN THE OFFICE OF THE RECORDER OF SAN MATEO COUNTY; THENCE ALONG THE EASTERLY LINE OF SAID LANDS DESCRIBED IN DOCUMENT NUMBER

1999-030696; SOUTH 1° 02' 48" WEST, A DISTANCE OF 120.48 FEET; THENCE LEAVING SAID LINE NORTH 88° 57' 12" WEST, A DISTANCE OF 12.20 FEET; THENCE NORTH 45° 39' 17" WEST, A DISTANCE OF 71.48 FEET TO THE WESTERLY LINE OF SAID LANDS; THENCE ALONG SAID WESTERLY LINE NORTH 9° 54' 32" EAST, A DISTANCE OF 71.65 FEET TO THE SOUTHERLY LINE OF SAID LOT 6; THENCE ALONG SAID SOUTHERLY LINE SOUTH 89° 40' 12" EAST, A DISTANCE OF 53.19 FEET TO THE POINT OF BEGINNING.

SAID EASEMENT IS FOR THE BENEFIT OF PARCEL 1 OF PARCEL A ABOVE AND WAS CREATED BY GRANT OF EASEMENT FROM PENINSULA REAL ESTATE MANAGEMENT, ET AL, TO MAX A. KEECH AND MARK E. KENDALL, RECORDED MARCH 17, 2000, DOCUMENT NO. 2000-031313, SAN MATEO COUNTY RECORDS.

PARCEL D:

EASEMENTS SET FORTH IN "THE SHORES BUSINESS CENTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS & CHARGES FOR COMMERCIAL DEVELOPMENT" RECORDED FEBRUARY 6, 1981, AS INSTRUMENT NO. 12350-AS, AND AS AMENDED BY THE FOLLOWING:

DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED JULY 23, 1981 AS INSTRUMENT NO. 69666-AS OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED AUGUST 19, 1982 AS INSTRUMENT NO. 82070768 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED FEBRUARY 04, 1983 AS INSTRUMENT NO. 83011056 OF

OFFICIAL RECORDS. A DECLARATION OF ANNEXATION RECORDED MARCH 05, 1984 AS INSTRUMENT NO. 84023389 OF OFFICIAL RECORDS. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "ASSIGNMENT AND ASSUMPTION AGREEMENT" RECORDED NOVEMBER 29, 1989 AS INSTRUMENT NO. 89161004 OF OFFICIAL RECORDS. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "ASSIGNMENT AND ASSUMPTION AGREEMENT" RECORDED MAY 22, 1990 AS INSTRUMENT NO. 90069335 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED FEBRUARY 06, 1992 AS INSTRUMENT NO. 92017128 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED DECEMBER 07, 1993 AS

INSTRUMENT NO. 93212191 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED DECEMBER 04, 1992 AS INSTRUMENT NO. 92199684 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED JANUARY 10, 1994 AS INSTRUMENT NO. 94003692 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF

RECORDED DECEMBER 05, 1994 AS INSTRUMENT NO. 94183593 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED OCTOBER 04, 1999 AS INSTRUMENT NO. 1999-168218 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED NOVEMBER 09, 1999 AS INSTRUMENT NO. 1999-186111 OF OFFICIAL RECORDS. DOCUMENT(S) DECLARING MODIFICATIONS THEREOF RECORDED OCTOBER 10, 2000 AS INSTRUMENT NO. 2000-126698 OF OFFICIAL RECORDS.

For reference purposes only:

APN: 095-222-330

JPN: 112-020-000-06T

112-020-000-07T (Portion)

EXHIBIT B

COMPENSABLE SERVICES & REIMBURSABLE EXPENSES

COMPENSABLE SERVICES

Management Fee

For services provided under the Agreement, Agent shall be compensated with a management fee payable in arrears in monthly installments charged at the end of each month. The monthly management fee shall be equal to the sum of five percent (5%) of 60% of Area Median Income Tax Credit Rent Limit as most recently published by the California Tax Credit Allocation Committee for each of the ninety-three (93) units. The management fee shall commence with the Effective Date and prorated per diem for any partial month.

Administrative Oversight of Capital Projects

Compensation for administrative oversight of capital improvements over \$7,500 and up to and including \$500,000 shall be assessed a fee equal to six percent (6%) of the cost of such work subject to written approval from Owner. Owner and Agent shall negotiate an appropriate fee for oversight of capital improvements over \$500,000 on a case-by-case basis.

REIMBURSABLE EXPENSES

Compliance Monitoring Expenses

Pursuant to the terms and conditions set forth in set forth in Section 4.b.xi (Compliance with Legal Requirements) of the Agreement, Necessary compliance monitoring, compliance support, or compliance remediation shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

Property Inspection Maintenance Expenses

Pursuant to the terms and conditions set forth in Section 4.b.v (Repairs and Maintenance) of the Agreement, costs incurred by Agent to perform or contract with others to perform property inspections, physical needs assessments and/or preventative maintenance inspections and/or repairs shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account. Agent reserves the right to charge an annual \$750 physical inspection fee to perform the physical needs assessment of the Property.

Report or Filing Expenses

Pursuant to the terms and conditions set forth in Section 4.b.x ("Debt Service, Taxes and Assessments) of the Agreement, Agent reserves the right to charge a report or filing expense reimbursable not to exceed \$500 per report or filing if Owner requests that Agent make welfare exemption or other special reports or filings.

Extraordinary Accounting Expenses

Pursuant to the terms and conditions set forth in Section 4.b.iii (Books, Records and Documentation) of the Agreement, the cost of extraordinary accounting requests, as determined and mutually agreed upon by both Parties, or audits of the Books, Records and Documents shall be borne solely by Owner and Costs incurred by Agent to perform or contract with others to perform the extraordinary accounting requests shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

Audit Expenses

Pursuant to the terms and conditions set forth in Section 4.b.iv (Annual Audit) of the Agreement, the cost of retaining auditors to perform an audit is deemed to be a cost of Owner and shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

Employment Expenses

Pursuant to the terms and conditions set forth in Section 4.b.xiv (Employment of Personnel) of the Agreement, the salaries, wages, other compensation and fringe benefits of all personnel of Agent working on or with respect to the on-site operation (including but not limited to social security, taxes, worker's compensation insurance, funding of annuity benefits, payroll processing fees and the like) of the Property shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

Workers Compensation Expenses

Owner shall reimburse Agent for its pro-rata share of workers' compensation insurance expenses associated with employees of Agent employed for the direct benefit of Owner or the Property and Agent is authorized to reimburse such costs as an expense through the Property's Operating Account.

Leasing Expenses

Pursuant to the terms and conditions set forth in Section 4.b.xvi (Leasing) of the Agreement, costs of customary financial responsibility, criminal background, or general reputation investigations of prospective residents shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

Outside Vendors, Contractors, Consultants & Professionals

Pursuant to the terms and conditions set forth in Section 4.b.xi (Compliance with Legal Requirements) and Section 4.b.xix (Additional Financing) of the Agreement, amounts expended by Agent for use of non-employee vendors, contractors, professionals, consultants or experts, including attorneys shall be reimbursed to Agent by Owner as an expense through the Property's Operating Account.

Payment for Compensable Services and Reimbursables Expenses listed above shall be deductible from the Operating Account (as defined in Section 6.a.ii. (Bank Account, Establishment of Accounts), as part of the operating expenses of the Property.

In the event of commencement or termination of this Agreement other than on the first or last day of a month, respectively, the compensation and reimbursement of Agent shall be prorated to the effective date of such commencement or termination. Proration shall be calculated based upon a thirty (30) day month.

EXHIBIT C

ADDITIONAL PROVISIONS

A. AVAILABILITY OF FUNDS

County may immediately terminate this Agreement based upon unavailability of Federal, State, or County funds by providing written notice to Contractor as soon as is reasonably possible after County learns of said unavailability of funding.

B. EQUAL BENEFITS ORDINANCE

Agent shall comply with all laws relating to the provision of benefits to its employees and their spouses or domestic partners, including, but not limited to, such laws prohibiting discrimination in the provision of such benefits on the basis that the spouse or domestic partner of Agent's employee is of the same or opposite sex as the employee.

C. EMPLOYEE JURY SERVICE

Agent shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Agent shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from Agent, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Agent or that Agent may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Agent certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Agent has no employees in San Mateo County, it is sufficient for Agent to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Agent certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Agent shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed in the Section titled "Payments", is less than one-hundred thousand dollars (\$100,000), but Agent acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.

D. HISTORY OF DISCRIMINATION

MidPen certifies that no finding of discrimination has been issued in the past 365 days against MidPen or its affiliate entities by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or any other investigative entity. If any finding(s) of discrimination have been issued against

Contractor within the past 365 days by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or other investigative entity, Contractor shall provide County with a written explanation of the outcome(s) or remedy for the discrimination prior to execution of this Agreement. Failure to comply with this Section shall constitute a material breach of this Agreement and subjects the Agreement to immediate termination at the sole option of the County.

E. LIVING WAGE

As required by Chapter 2.88 of the San Mateo County Ordinance Code, MidPen certifies all contractor(s) and subcontractor(s) obligated under this Agreement shall fully comply with the provisions of the County of San Mateo Living Wage Ordinance, including, but not limited to, paying all Covered Employees the current Living Wage and providing notice to all Covered Employees and Subcontractors as required under the Ordinance.

F. ELECTRONIC SIGNATURE

Both County and MidPen wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and County's Electronic Signature Administrative Memo. Any party to this Agreement may revoke such agreement to permit electronic signatures at any time in relation to all future documents by providing notice pursuant to this Agreement.

G. PREVAILING WAGE

Owner has notified Agent that California's prevailing wage law (Lab. Code, § 1720, *et seq.*) may be applicable to work performed in accordance with this Agreement and subject to compliance monitoring and enforcement by the Department of Industrial Relations. Agent is responsible for understanding when California's prevailing wage law is applicable to the work performed in accordance with this Agreement. Agent is responsible for the compliance of itself and its subcontractors and vendors with California's prevailing wage law to the extent it is applicable to the work performed within the scope of this Agreement.

More specifically, when applicable, Agent agrees to pay not less than prevailing rates of wages and be responsible for compliance with all the provisions of the California Labor Code, Article 2-Wages, Chapter 1, Part 7, Division 2, Section 1770, *et seq.* A copy of the prevailing wage scale established by the Department of Industrial Relations is on file in the office of the Director of Public Works, and available at www.dir.ca.gov/DLSR or by phone at 415-703-4774. California Labor Code Section 1776(a) requires each contractor and subcontractor keep accurate payroll records of trades workers on all public works projects and to submit copies of certified payroll records upon request.

H. CALIFORNIA PUBLIC RECORDS ACT

Nothing in this Agreement shall prevent Agent from complying with legal obligations to disclose information pursuant to the California Public Records Act, (California Government Code section 6250, *et seq.*), a valid subpoena or court order, or other applicable legal authority.